

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-03

FRB-01 INR-10 NSAE-00 RSC-01 XMB-01 OPIC-02 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 NSC-07 SS-14 STR-01

CEA-01 L-02 H-01 NEA-06 IO-03 DRC-01 /073 W

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P R 090747Z OCT 74

FM AMEMBASSY MANILA

TO AMEMBASSY DACCA PRIORITY

INFO SECSTATE WASHDC 7508

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USADB

E.O. 11652: ADS, DECLAS 4/30/75

TAGS: EAID, EFIN, BG

SUBJECT: CURRENT STATUS WEST ZONE POWER PROJECT

REF: A. DACCA 4521 (NOTAL)

B. MANILA 11506

1. G.E. DOCUMENTS HAVE BEEN POUCHED TO AMEMBASSY
DACCA AS REQUESTED.

2. BANK STAFF FULLY AWARE OF G.E. PROTEST AND ALSO
KNOWS ABOUT COURT ORDER RESTRAINING BANGLADESH POWER
DEVELOPMENT BOARD NOTED PARA. 2, REF A.

3. USADB ON OCT. 1 HAD PASSED TO BANK STAFF COPY
OF AHMED'S STATEMENT OUTLINING G.E.'S VIEWS RE
NON-PENALIZATION VARIOUS ASPECTS SUMITOMO'S PROPOSAL.
BANK RESPONSE WAS TO SEND CONCERNED PARTIES CABLES
SUMMARIZING THESE OBJECTIONS AND ASKING FOR
COMMENT. ADDRESSEES OF THESE CABLES WERE:
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(1) BANGLADESH POWER DEVELOPMENT BOARD; (2) SOFRALEC

(CONSULTANT); AND (3) KASTURI L. LUTHRA, ADB DEPUTY DIRECTOR OF PROJECTS NOW IN DACCA HEADING BANK MISSION.

4. STAFF EMPHASIZE THEY MUST RELY HEAVILY ON JUDGMENT AND VIEWS OF CONSULTANT (SOFRALEC) WHO WERE ENGAGED TO PROVIDE ADVICE AND GUIDANCE ON BID EVALUATION AND AWARDS.

5. IN FURTHER INFORMAL DISCUSSIONS WITH BANK STAFF HELD WITHOUT PREJUDICE TO FINAL OUTCOME AND PRIOR TO BANK'S RECEIPT OF REPLIES TO ABOVE-NOTED CABLES, STAFF POINT OUT THAT SUMITOMO IS TRADING COMPANY THAT TYPICALLY ASSEMBLES CONSTRUCTORS AND SUPPLIERS OF EQUIPMENT INTO PACKAGES FOR SUBMISSION; THAT GAS TURBINE SUPPLIER IN SUMITOMO PACKAGE IS GERMAN FIRM (G.E. LICENSEE) WITH FULL COMPETENCE AND EXTENSIVE EXPERIENCE IN SUPPLY OF GAS TURBINES.

6. STAFF POINT OUT FURTHER THATN ALTHOUGH PRICE DIFFERENTIAL WAS NOT REPEAT NOT AN IMPORTANT CONSIDERATION, THE WIDE DISCREPANCY IN DELIVERY TIMES BETWEEN G.E. AND SUMITOMO'S OFFER WITH FORMER ALMOST TWICE AS LONG AS LATTER, HAD TO ACCOUNT FOR HEAVY PENALTY AGAINST G.E. BEING ASSESSED DURING EVALUATION, AS NOTED PARA.2, REF B.

7. BANK HAS ALSO RAISED QUESTION WHETHER DURING PENDENCY OF TECHNO-TRADE LEGAL ACTION, BOTH SUMITOMO AND G.E. WOULD BE WILLING TO EXTEND VALIDITY OF FIRM PRICE QUOTATIONS WHICH WERE SCHEDULED TO EXPIRE OCT. 1. EMBASSY MAY WISH TO QUERY J.J. MAJORS ON THIS POINT SINCE DURING HIS DISCUSSIONS IN MANILA WITH USADB, HE WAS NOT SANGUINE ABOUT G.E. CORPORATE APPROVAL OF ANY BID VALIDITY EXTENSIONS GIVEN THE INFLATIONARY SITUATION.
SULLIVAN

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Message Attributes

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